World Bank loan for earthquake rehabilitation work

2239. SHRI LEKHRAJ BACHANI:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the State Government of Gujarat have made repeated requests for favourable terms for the loans received from the World Bank and Asian Development Bank for earthquake rehabilitaiton work;

(b) if so, what is the decision of the Government on reducing the interest burden of the earthquake loan which was a calamity of grave magnitude;

(c) whether the overall policy framework for loans extended for reconstruction work after major disaster is proposed to be re-examined; and

(d) if so, whether that benefit would be extended to Gujarat earthquake affected areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) (a) Yes, Sir.

(b) The State has been provided special relief by reducing the annual rate of interest on the loans for earthquake rehabilitation work from 10.5% to 9.5% with effect from 27.5.2003 in respect of the undisbursed amounts of the external assistance.

(c) Policy framework for availing external assistance has been revised as per the recommendations of the Twelfth Finance Commission and it has been decided that the transfer of all external assistance to the States will now be on 'back-to-back basis' in all cases of new projects signed on or after 1.4.2005.

(d) Does not arise, as the Gujarat Earthquake Rehabilitation Project had been signed before 1.4.2005.